



FOR IMMEDIATE RELEASE

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FACT SHEET

SANDERS' AGREEMENT WITH POLICE OFFICERS ASSOCIATION DESIGNED TO KEEP OFFICERS ON THE BEAT, STREETS SAFE

MAYOR TO FILE LAWSUIT TO RESOLVE MAJOR PENSION ISSUE

After months of negotiations, Mayor Jerry Sanders has reached a tentative agreement with the San Diego Police Officers Association (POA) for the 2009 fiscal year that **includes the resolution of a critical pension issue**. The agreement was ratified by the POA membership on Wednesday; the Mayor will now ask the San Diego City Council to approve the agreement on April 14, 2008.

San Diego remains one of the safest large cities in America. The City's overall crime rate is comparable to rates in the late 1960's and our violent crime rate is at its lowest point since 1973. Crime is also down by 4 percent since Mayor Sanders took office at the end of 2005.

To continue these positive trend lines, this agreement builds on the progress made last year to bring San Diego Police Department (SDPD) salaries to more competitive levels. As a result of the 9% pay increase this fiscal year, **the SDPD has made great progress in their recruitment and retention efforts. The Department is now on track to employ more than 2,000 sworn active personnel during FY09.** That number had dipped to a low of 1,871 in July 2006 during a time when many sworn personnel were either retiring or leaving the department for other law enforcement agencies.

Regionally as well as nationally, there continues to be more law enforcement job openings than there are qualified applicants. The result is that police departments that offer better compensation packages enjoy better recruitment results. Due to the City's financial situation, San Diego Police Department (SDPD) officers' salaries did not keep pace when compared to other competing departments.

This is the second consecutive year that the Mayor has reached agreement with the POA.

SALARY AND BENEFIT IMPROVEMENTS

- **The one year agreement calls for a 3% salary increase for all POA members effective July 1, 2008. All classifications will receive an additional 3% increase effective December 27, 2008.** The cost of these salary increases for fiscal year 2009 is \$10,600,000.00.
- **This contract continues the health care reforms introduced by the Mayor last year by improving health care coverage for police officers at less expense to taxpayers.**

The agreement provides for the following changes in coverage for health and dental insurance:

POA	<u>Current Coverage</u>	<u>Current Employee Contribution</u>	<u>Current Residual Flex Dollars</u>	<u>Proposed Coverage</u>	<u>Proposed Employee Contribution</u>	<u>Proposed Residual Flex Dollars</u>
Waiver	\$1000.00	N/A	\$1000.00	\$1500.00	N/A	\$1500.00
EE	100%	\$0.00	\$1056.00	100%	\$0.00	\$1215.00
EE+1	100%	\$0.00	\$406.00	100%	\$0.00	\$64.00
EE+Children	N/A	N/A	N/A	100%	\$0.00	\$502.00
EE+Family	75%	\$1930.00	\$0.00	88%	\$1304.00	\$0.00

The outline above reflects the rates and percentages should an employee choose Kaiser. Should an employee choose an HMO, the coverage will be 100% for a single employee, 80% for an employee covering themselves and children, 75% for an employee and spouse or domestic partner, and, finally, 65% coverage for an employee plus family. Regardless of the providers chosen, as with Kaiser, this change will result in a significant reduction in out of pocket costs for employees in the coming year.

Mayor Sanders is committed to continuing the reform of employee benefits he initiated last year with POA, Local 145 and the Deputy City Attorney's Association. **As a result of the consolidation of insurers (10 to 7) and healthplans (21 to 13) last year, the City saved almost \$1 million. The further consolidation across all bargaining units in FY09 would help the City avert the economic ravages of a 15% premium increase by insurers.**

BUILDING ON THIS YEAR'S PROGRESS IN RECRUITMENT AND RETENTION

- Currently, SDPD is 206 officers down from its budgeted strength of 2,127. However, due to changes in the SDPD Recruitment Unit, the successful outcome of last year's negotiations, the SDPD is on track to employ more than 2,000 sworn active personnel in Fiscal Year 2009. The efforts also show a 200 percent increase in the number of recruits currently entering the Police Academy.
- **Last year's contract resulted in a drop of more than 50% in the number of officers leaving SDPD for other agencies.** As Fiscal year 2008 draws to a close, SDPD has lost only 22 officers to other agencies. Compare that to Fiscal Year 2006, where the SDPD saw 71

officers leave for other departments or Fiscal Year 2007 where SDPD lost over 54 officers to other departments.

- While one classification lost ground over the past year due to salary increases in other agencies, the salary and benefit changes contained in the tentative agreement will have a positive impact on where San Diego police officers' take home pay falls in relation to other jurisdictions.

Classification	FY07 Percentile Rank	FY08 Percentile Rank	FY09 Contract Percentile Rank	Difference from FY08
Police Recruit	0 percentile*	7 percentile	14 percentile	7 percent
Police Officer I	13 percentile	0 percentile	0 percentile	0 percent
Police Officer II**	6 percentile	28 percentile	50 percentile	22 percent
Police Sergeant	6 percentile	22 percentile	33 percentile	11 percent
Police Lieutenant	7 percentile	39 percentile	56 percentile	17 percent

* On a scale of 100/higher the percentile the better

** Most SDPD Officers are POII's

- While this contract and the progress made last year have significantly improved SDPD's competitive standing, both the Mayor and the POA acknowledge there is more work to be done. The Mayor and the POA remain committed to getting San Diego police officer pay to competitive levels over the coming years.

MAYOR TO FILE LAWSUIT ON DROP AND PURCHASE OF SERVICE CREDITS

Mayor Sanders will initiate a lawsuit to resolve whether or not the DROP Program and the Purchase of Service Credits (PSC's) are vested benefits.

While DROP and PSC's for the purposes of vesting into the retirement system were eliminated for employees hired after July 1, 2005, these benefits are still in place for employees hired before that date. It has been and continues to be the position of the Mayor that DROP and PSC's for those employees are not "vested" benefits and should be eliminated.

All of the City's unions, including the POA, strongly disagree and insist that these benefits are vested. Indeed, language was added to the MOUs of POA, Fire Local 145, AFSCME Local 127 and MEA in 1997 that states, "A member is 100% vested in the DROP from its inception." The Mayor does not believe that this sentence binds the City.

Language in the MOUs, the legislative history of both of these benefits as well as how changes to these benefits have been handled have raised the question of whether or not these benefits are truly vested. **If an imposed agreement were later found to have included the elimination of a vested benefit, it could very well jeopardize the entire agreement including all of the reforms critical to taxpayers. To protect the taxpayers' interests, it's prudent for the Mayor to resolve these issues outside of the context of the agreement and initiate a lawsuit to resolve this issue once and for all.**

TREATMENT OF THIS ISSUE FROM THE TENTATIVE AGREEMENT WITH THE POA

Article 44: Retirement

12. City Initiation of Retirement-Related Litigation

It has been, and continues to be, the position of the Mayor that the above described DROP and service credit purchase provision are not vested benefits and are therefore subject to modification without compliance with the strict rules governing modification of vested retirement benefits. The Association acknowledges the City's right to initiate a declaratory relief and/or other civil causes of action as in the City's sole determination are deemed appropriate by which to secure a determination as to any and or all of the following issues. That City shall institute litigation as follows:

1. Is the above described Deferred Retirement Option Plan (DROP) and/or any and all MOU/Code provisions allowing for the purchase of service credit for retirement benefit calculation purposes, "vested" benefits.
2. Can the purchased service credits be utilized to determine vesting into the retirement system.
3. Are these benefits subject to modification pursuant to any and all provisions of the City Charter or other applicable rules and regulations.
4. And/or what, if any, conditions precedent exist to the implementation of City-initiated steps by which to modify and/or eliminate DROP and/or service credits.

The City understands the Association's position of strong disagreement with the City's position on the above referenced issues, and the need (but not the right) to litigate them.

PRESIDENTIAL LEAVE CAPPED

With this contract, the Mayor begins the process of eliminating City paid release time for union presidents. Effective with the expiration of the current president's term (December 31, 2008) City paid release time for the POA president will be capped at no more than 40 hours per pay period. In order to maintain a full time president, POA members will need to put their annual leave hours into a "leave bank" to pay for any leave beyond the 40 hour cap. Going forward, the Mayor will be working with the POA to move the President's time entirely onto the leave bank.

ROAD MAP FOR RESOLVING CONTRACT DISPUTES

This contract includes an interim procedure to govern how impasse hearings will be conducted under a strong mayor form of government. Up until now, when the City and one of its unions have reached impasse in negotiations, the process has been handled under Council Policy 300-

06. That policy was adopted several years ago for a City Manager form of government. With the transition to a Strong Mayor system, this policy has become obsolete and has created a great deal of confusion as to roles and responsibilities in the contract negotiation process.

The interim procedure is designed to bring clarity to the process while still allowing the City and POA to continue discussions on how to best resolve disputes in a strong mayor system. Under this interim procedure, the Mayor is responsible for resolving disputes on non-economic and operational issues while the City Council sits as the final authority on economic disputes. Should the Mayor and POA not reach agreement on an economic issue, the City Council will conduct a hearing and render a decision by adopting the last/best/final offer of either the Mayor or the POA. The Council could also decide to do nothing and maintain the status quo. The Council would not have the authority to craft their own agreement.